



**STATE BOARD OF
EQUALIZATION**



**SPECIAL TAXES
DEPARTMENT**



**EXCISE TAXES
DIVISION
916-322-9651**



**INFORMATION
CENTER**

From California
1-800-400-7115

From out of state
1-916-324-2926

*From a telephone
device for the deaf*

**TDD phone:
1-800-735-2929**

**Voice phone:
1-800-735-2922**

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OIL RECYCLING FEE

If you sell or import lubricating or industrial oil, you are required to register with the Board. You may also be required to pay an oil recycling fee on the sale, use, or transfer of lubricating oil. This publication provides general information about the fee. If you need to talk to a Board representative, please call the telephone number shown on the left.

What is the oil recycling fee?

The oil recycling fee is a fee collected on lubricating oil that is sold, transferred, or imported for use in California. Revenues from the fee are used for programs that are designed to encourage the recycling and reclamation of used oil and to reduce its illegal disposal.

The fee was created as part of the California Oil Recycling Enhancement Act, which took effect in October 1992. The current fee rate is \$0.04 per quart, or \$0.16 per gallon, of oil.

Note: To determine the gallonage of lubricating oil sold by weight, divide the weight by 7.5. For example, 12 pounds of lubricating oil divided by 7.5 = 1.6 gallons.

Am I required to register?

If you sell or import lubricating oil in California, you are required to register with the Board. (If you are not registered, see back page for address.)

Am I required to file returns?

You are required to file returns if:

- You are the first person or entity in California to own the lubricating oil **and**
- You are the first person or entity in California to sell, transfer, or use the lubricating oil (see next column for exempt transactions)

If you purchase lubricating oil from another vendor in California, you are not considered the first seller of the oil. As a result, you are not responsible for the fee on a subsequent sale, use, or transfer of the oil (you may, however, be charged by the vendor for reimbursement of the fee).

If you purchase lubricating oil from an out-of-state vendor, you are liable for the fee if you are the first to hold title to the oil in this state (typically this occurs when the oil is delivered to you by common carrier). However, the out-of-state vendor is liable for the

fee if he or she is the first to hold title to the oil in California (typically this occurs when the out-of-state vendor uses his or her own vehicles to make the delivery).

If you register with the Board, but are not required to file returns, you will be surveyed periodically to determine whether you have imported lubricating oil or made sales that require payment of the recycling fee. Penalties will apply if you do not make a required payment or do not pay on a timely basis.

What is lubricating oil?

Lubricating oil includes, but is not limited to, any oil intended for use in an internal combustion engine crankcase, transmission, gearbox, or differential in an automobile, bus, truck, vessel, plane, train, heavy equipment, or other machinery powered by an internal combustion engine. Typically, motor oil, transmission fluid, gear lube, differential oil, and oil additives are considered lubricating oil. These products are considered lubricating oil even if they are used for other purposes. For example, motor oil used to lubricate door hinges still qualifies as lubricating oil.

Oil products such as bar/chain oil; WD-40; 3-in-1 multipurpose oil; power steering fluid; and 2-cycle oil, which is entirely consumed during usage, do not qualify as lubricating oil. Likewise, oil intended for multipurpose household use is not considered a lubricating oil for purposes of this fee.

Are any lubricating oil transactions exempt from the fee?

Yes. The following transactions are exempt:

- Oil exported or sold for export from the state
- Oil sold for use in vessels operated in interstate or foreign commerce
- Oil imported into the state in the engine crankcase, transmission, gear box, or differential of an automobile, bus, truck,

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vessel, plane, train, or heavy equipment or machinery

- Oil handled by an oil manufacturer if the total volume handled is 500 gallons or less for each quarter
- Bulk oil sold to a motor carrier and used in truck tractors or motor trucks of three or more axles that have more than a 10,000 pound gross vehicle weight rating (lubricating oil used in buses does not qualify for this exemption)

Note: Bulk oil means oil sold and delivered in a single transaction in an amount greater than 55 gallons, regardless of the size of the container or containers in which the oil is delivered.

What if I mix lubricating oil with other products?

You are not required to report the recycling fee if that fee has already been paid on lubricating oil that you purchase. Consequently, if you purchase oil for which the fee has already been paid to the state and subsequently compound that oil with other products for which the fee has not been paid, only a portion of the new compounded product will be subject to the fee.

On your return, you would first include all the gallons sold of the new product on the line used to report "total gallons of lubricating oil sold." You would then take a deduction on the same return for the number of gallons used in the compound for which payment had already been made.

Are there any refund provisions?

Refunds for exempt uses. If you have paid the fee directly to the state (or have paid it indirectly by reimbursing a vendor for the fee), you can receive a refund of your fee payment if the oil is subsequently used in an exempt transaction (for example, you may export the lubricating oil from the state).

To receive a refund, you should file a claim with the Board of Equalization (see address below). If you are claiming a refund for oil exported from the state, you must file your claim within 3 months after the close of the calendar month in which the lubricating oil was exported or within 13 months of the date the oil was purchased, whichever is later. All other claims must be made within 3 years of the due date of the return.

The claim does not need to be on a special form, but it must:

- State the total amount of lubricating oil purchased and the grounds for refund
- Be supported by a copy of the original invoice showing the purchase of the oil and payment of the fee

The request must be signed with a notation that the claim is made under penalty of perjury.

Excess fees collected from your customers. If you collect from your customer a fee payment that exceeds the amount due, you must either refund the excess to your customer or pay it to the state for deposit in the oil recycling fund.

What are the invoicing requirements?

For all sales of 10 gallons or more, the invoice must identify the oil recycling fee separately from the cost of lubricating oil.

Does the oil recycling fee affect sales tax liability?

Yes. The fee is considered part of the selling price and subject to sales tax (even if the fee is shown separately on the invoice).



To Register or Obtain More Information

If you have questions regarding this program or need to register with the Board, please call us at 916-322-9651 or write to:

Excise Taxes Division
State Board of Equalization
450 N Street MIC:56
P.O. Box 942879
Sacramento, CA 94279-0056



Taxpayers' Rights Advocate

If you are unable to resolve a disagreement with the Board, or if you would like to know more about your rights under the Oil Recycling Fee Law, please contact the Taxpayers' Rights Advocate office for help. Call 916-324-2798 or write to:

Taxpayers' Rights Advocate
State Board of Equalization
450 N Street MIC:70
P.O. Box 942879
Sacramento, CA 94279-0070

You should
claim a refund
for fees paid
on exempt
transactions.
